

MT LEGISLATIVE HISTORY

Chapter 128 1969

Bill H _____ S 252 Original bill & hist. C

H. Committee on State Administration S. Committee on State Administration

Hearing Date(s) FEB 15 ✓ C Hearing Date(s) FEB 03 ✓ C

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Did this bill originate in an interim committee? Yes No

Committee

Report

the following bill:

Staff appeared to explain the bill which would
expenses of legislators traveling to and from sessions.

Senator Mathers explained the bill and asked Mr. E. V. Omholt,
Auditor, to clarify the bill which would eliminate unnecessary
record keeping in the auditor office.

SB333..Senator Bertsche discussed the bill which would establish a
central payroll system and save duplication expense.

SB265..Senator Dziwi appeared as a witness and told the committee the
living facilities which would be provided by the bill would be for
legislators during the sessions.

SB252..Senator Reber appeared in behalf of the bill, which would
establish a development corporation in the State of Montana for the
prime purpose of lending sums of money for development. Mr. Wesley
Wertz, attorney for the Montana Bankers Association and Mr. Del
Siewert of the Montana Chamber of Commerce appeared to support the bill.

SB10, SB104 and SB9 were all bills to be amended to change the name
of the training center at Glendive, Montana, to "Yellowstone River
Training Center." Rep. Burnett moved that the bills be thus amended
and the motion was carried. Rep. Burnett then moved that the following
bill be CONCURRED IN as amended: SB10 Motion carried. SB104, motion
carried, SB9, motion carried. Rep. Feda agreed to carry the bills on
the floor.

SB279..Rep. Feda moved that the bill be CONCURRED IN, as amended to
the Senate Committee on Banking and Insurance Amendment. Motion carried.
He asked that the bill be CONCURRED IN as amended. Motion carried.
Rep. Warfield will carry the bill on the House floor.

SB56..Rep. Payne moved the bill BE CONCURRED IN. Motion carried. Rep.
Stratton will carry the bill on the House floor.

SJR26.. Rep. Melcher moved the bill BE CONCURRED IN. Motion carried.
Rep. Newby will carry it on the House floor.

SB1..Rep. Melcher moved that the bill be passed for the day. Motion carried.

SB32..Rep. Burnett moved the bill BE CONCURRED IN. Motion carried.
Rep. Burnett will carry the bill on the House floor.

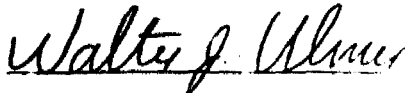
SB22..Rep. Burnett moved BE CONCURRED IN. Motion carried. Rep. Burnett
will carry the bill on the House floor.

SB265..Rep. Feda moved DO NOT CONCUR. Motion carried.

SB252..Rep. Melcher moved BE CONCURRED IN. Motion carried. Rep. Stratton
will carry it on the floor.

SB67..Rep. Swan will carry it on the House floor.

Meeting was adjourned at 12:10 P.M. until Tuesday, February 18.



WALTER J. HILMER, CLERK

SENATE BILL 148 was reviewed by the author, Senator Hafferman. He stated that this bill only covers electrical inspections on privately owned lands and that many owners have had to wait too long for inspections and thus electrical hook ups. Upon advice of committee members, Senator Hafferman requested the committee to include a penalty clause in case the requirements of the bill were not met. Senator Mitchell moved that the bill be amended on Page 3, line 1, after "(3)" and before "days" to insert "normal working"; it was seconded by Senator Mostad and unanimously carried. Senator McKeon moved that Senate Bill 148 be placed in a sub committee for the purpose of amending the bill regarding a penalty. It was seconded by Senator McDonald and carried. The sub committee appointed was Senator McKeon and Senator Rosell.

SENATE BILL 252 was reported on by sub committee Senator McKeon and Senator Lyon. The committee had talked to members of the Judiciary Committee of last session and found they had no legal objections to the bill but had some personal reasons. Senator Rosell moved that SENATE BILL 252 DO PASS. It was seconded by Senator Lyon and unanimously carried.

SENATE JOINT RESOLUTION 21, regarding study of Executive Branch of the State of Montana, was amended in the title on page 1, line 6 by inserting after the word "office" the following: "in cooperation with the Legislative Council", upon a motion by Senator McKeon. It was seconded by Senator Rosell and unanimously carried. Senator McKeon moved that SENATE JOINT RESOLUTION 21, AS AMENDED, DO PASS. It was seconded by Senator Rosell and carried.

SENATE BILL 31 regarding personnel was discussed with Senator McKeon to look at amendments proposed by Senator Bertsche and others. Senator Mackay moved to place SENATE BILL 31 in sub committee. It was seconded by Senator Mitchell and carried. Chairman James appointed a sub committee of Senator Mitchell and Senator Mackay.

SENATE BILL 258 regarding architects license fees was discussed by proponents: Senator Selstad, Walter S. Murfitt, representing the Montana Technical Council which relates to architects and engineers. It was stated that only Roseman and Billings have ordinances that allow the city to collect further licensing or profit fees above the license fees imposed by the State Architects' Board; spelled out in Section 84-2748 of the Codes.

registered and shall have the proper number plates conspicuously displayed, one (1) on the front and one (1) on the rear of such vehicle, each securely fastened so as to prevent the same from swinging and unobstructed from plain view, except that trailers and semitrailers shall have but one (1) number plate conspicuously displayed on the rear. No person shall display on such vehicle at the same time any number assigned to it under any motor vehicle law, except as in this act otherwise provided. No person shall purchase or display on such vehicle any license plate bearing the number assigned to any county as provided in section 53-106, other than the county of his permanent residence at the time of application for *registration*. Provided, however, that the owner of any motor vehicle requiring a license plate on any motor vehicle used in the public transportation of persons or property may make application therefor in any county through which said motor vehicle passes in its regular scheduled route, and the license plate so issued bearing the number assigned to said county may be displayed on said motor vehicle in any other county of the state. It is further provided that it shall be unlawful to use license plates issued to one (1) vehicle on any other vehicle, trailers or semitrailers *unless legally transferred as provided by statute*, or repainting old license plates to resemble current license plates and any person violating these provisions shall be deemed guilty of a misdemeanor and shall be subject to the penalty as set out in section 53-132."

Approved: February 26, 1969.

CHAPTER 128

An Act to Authorize the Incorporation of Development Credit Corporations for the Purpose of Promoting, Developing, and Advancing the Prosperity and Economic Welfare of the State.

Be it enacted by the Legislative Assembly of the State of Montana:

Purposes.

Section 1. **Purpose.** The purposes of the corporation shall be to promote, stimulate, develop, and advance the business prosperity and economic welfare of the state of Montana and its citizens; to encourage and assist through

loans, investments, or other business transactions, in the location of new business and industry in this state and to rehabilitate and assist existing business and industry; and so to stimulate and assist in the expansion of all kinds of business activity which will tend to promote the business development and maintain the economic stability of this state, provide maximum opportunities for employment, encourage thrift and improve the standards of living of the citizens of this state; similarly, to cooperate and act in conjunction with other organizations, public or private, in the promotion and advancement of industrial, commercial, agricultural, and recreational developments in this state; and to provide financing for the promotion, development, and conduct of all kinds of business activity in this state.

In furtherance of such purposes and in addition to the powers conferred on business corporations by the provisions of Title 15 of the Revised Codes of Montana 1947, the corporation shall, subject to the restrictions and limitations herein contained, have the additional powers and functions enumerated herein.

Section 2. **Definitions.** As used in this act, the following words and phrases, unless differently defined or described, shall have the meanings and references as follows:

(1) "Corporation": A Montana development credit corporation created under this act. "Corporation."

(2) "Financial Institution": Any banking corporation or trust company, building and loan association, insurance company or related corporation, partnership, foundation, or other institution engaged primarily in lending or investing funds. "Financial institution."

(3) "Member": Any financial institution authorized to do business within this state which shall undertake to lend money to a corporation created under this act, upon its call, and in accordance with the provisions of this act. "Member."

(4) "Board of Directors": The board of directors of the corporation created under this act. "Board of directors."

(5) "Loan Limit": For any member, the maximum amount permitted to be outstanding at one time on loans "Loan limit."

made by such member to the corporation, as determined under the provisions of this act.

Incorporators,
general powers,
capital stock,
and articles of
incorporation.

Section 3. **Incorporators, General Powers, Capital Stock, and Articles of Incorporation.** Nine (9) or more persons, a majority of whom shall be residents of this state, who may desire to create a development credit corporation under the provisions of this act, for the purpose of promoting, developing, and advancing the prosperity and economic welfare of the state and, to that end, to exercise the powers and privileges hereinafter provided, may be incorporated in the following manner: such persons shall by articles of incorporation filed in the manner prescribed in Title 15 of the Revised Codes of Montana 1947, under their hands and seals, set forth:

(1) The name of the corporation, which shall include the words "Development Credit Corporation of Montana".

(2) The location of the principal office of the corporation, but such corporation may have offices in such other places within the state as may be fixed by the board of directors.

(3) The purpose for which the corporation is founded, which shall include the following:

(a) To elect, appoint, and employ officers, agents, and employees; to make contracts and incur liabilities for any of the purposes of the corporation; provided, that the corporation shall not incur any secondary liability by way of guaranty or endorsement of obligations of any person, firm, corporation, joint-stock company, association or trust, or in any other manner.

(b) To borrow money from the members, nonmember persons, firms or corporations, and state and federal agencies, for any of the purposes of the corporation; to issue therefor its bonds, debentures, notes or other evidences of indebtedness, whether secured or unsecured, and to secure the same by mortgage, pledge, deed of trust, or other lien on its property, franchises, rights and privileges of every kind and nature or any part thereof or interest therein, without securing stockholder or member approval; provided, that no loan to the corporation shall be secured in any manner unless all outstanding loans to the corporation shall be secured equally and

ratably in proportion to the unpaid balance of such loans and in the same manner.

(c) To make loans to any person, firm, corporation, joint-stock company, association or trust, and to establish and regulate the terms and conditions with respect to any such loans and the charges for interest and service connected therewith; provided, however, that the corporation shall not approve any application for a loan unless and until the person applying for said loan shall show that he has applied for the loan through ordinary banking channels and that the loan has been refused by at least one bank or other financial institution.

(d) To participate with any duly authorized private lending agency, and city, state, and federal governmental lending agencies in the making of loans.

(e) To purchase, receive, hold, lease, or otherwise acquire, and to sell, convey, transfer, lease or otherwise dispose of real and personal property, together with such rights and privileges as may be incidental and appurtenant thereto and the use thereof, including, but not restricted to, any real or personal property acquired by the corporation from time to time in the satisfaction of debts or enforcement of obligations.

(f) To acquire the good will, business, rights, real and personal property, and other assets, or any part thereof, or interest therein, of any persons, firms, corporations, joint-stock companies, associations or trusts, and to assume, undertake, or pay the obligations, debts and liabilities of any such person, firm, corporation, joint-stock company, association or trust; to acquire improved or unimproved real estate for the purpose of constructing industrial plants or other business establishments thereon or for the purpose of disposing of such real estate to others for the construction of industrial plants or other business establishments; and to acquire, construct, or reconstruct, altar, repair, maintain, operate, sell, convey, transfer, lease, or otherwise dispose of industrial plants or business establishments.

(g) To acquire, subscribe for, own, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of the stock, shares, bonds, debentures, notes or other securities and evidences of interest in, or indebtedness of, any

person, firm, corporation, joint-stock company, association or trust, and while the owner or holder thereof to exercise all the rights, powers and privileges of ownership, including the right to vote thereon.

(h) To mortgage, pledge, or otherwise encumber any property, right or thing of value, acquired pursuant to the powers contained in paragraphs (e), (f), or (g), as security for the payment of any part of the purchase price thereof.

(i) To cooperate with and avail itself of the facilities of the State Planning and Economic Development Department and any similar governmental agencies; and to cooperate with and assist, and otherwise encourage organizations in the various communities of the state in the promotion, assistance, and development of the business prosperity and economic welfare of such communities or of this state or of any part thereof.

(j) To accept gifts, donations, bequests, devices, or grants from any person, corporation, association, or governmental agency whether state, federal, or municipal.

(k) To do all acts and things necessary or convenient to carry out the powers expressly granted in this act.

(4) The articles of incorporation shall set forth the amount of total authorized capital stock and the number of shares in which it is divided, the par value of each share, and the amount of capital stock with which it will commence business and, if there is more than one class of stock, a description of the different classes, and the names and post office addresses of the subscribers of stock and the number of shares subscribed by each. The aggregate of the subscription shall be the amount of capital with which the corporation will commence business.

(5) The articles of incorporation may also contain any provision consistent with the laws of this state for the regulation of the affairs of the corporation or creating, defining, limiting, and regulating its powers. The articles of incorporation shall be in accordance with the provisions of Title 15, Revised Codes of Montana 1947, so far as consistent with this act.

Section 4. Certificate of Incorporation. Before the articles of incorporation shall become effective, the secre-

tary of state must issue a certificate that a copy of the articles containing the required statement of facts has been filed in his office. Thereupon, the persons signing the articles and their associates and their successors and assigns, shall become a body politic and corporate, by the name specified in the articles of incorporation, subject to amendment and dissolution as provided in this act. The incorporators shall have the authority and shall perform such acts and things as required by the provisions of this act, as set forth in Section 3 thereof.

Section 5. Amendment of Articles of Incorporation. The articles of incorporation may be amended by the votes of the stockholders and the members of the corporation, voting separately by classes, and such amendments shall require approval by the affirmative vote of two-thirds ($\frac{2}{3}$) of the votes to which the stockholders shall be entitled and two-thirds ($\frac{2}{3}$) of the votes to which the members shall be entitled; provided that no amendment which is inconsistent with the general purposes expressed herein, or which eliminates or curtails the obligation of the corporation to make reports as provided in Section 14, shall be made without amendment of this act; and provided, further, that no amendment of the articles of incorporation which increases the obligation of a member to make loans to the corporation, or makes any change in the principal amount, interest rate, maturity date, or in the security or credit position, of any outstanding loan of a member to the corporation, or affects a member's right to withdraw from membership as provided in Section 11, or affects a member's voting rights as provided in Section 7, shall be made without the consent of each member affected by such amendment. Within thirty (30) days after any meeting at which amendment of the articles of incorporation has been adopted, articles of amendment signed and sworn to by the president, treasurer, and a majority of the directors, setting forth such amendment and the due adoption thereof, shall so far as consistent with this act be submitted, as prescribed in Title 15, Revised Codes of Montana 1947, to the secretary of state, who shall examine them and if he finds that they conform to the requirements of this act, shall so certify and endorse his approval thereon. Thereupon, the amended articles of incorporation shall be filed in the office of the secretary of state and no such

Amendment of
articles of
incorporation.

Certificate of
incorporation.

amendment shall take effect until such amended articles of incorporation shall have been filed as aforesaid.

Board of directors.

Section 6. **Board of Directors.** The business and affairs of the corporation shall be managed and conducted by a board of directors, a president and treasurer, and such other officers and such agents as the corporation by its bylaws shall authorize. The board of directors shall consist of such number, not less than nine (9), as shall be determined in the first instance by the incorporators and thereafter annually by the members and the stockholders of the corporation. The directors need not be stockholders or members in the corporation. The board of directors may exercise all the powers of the corporation except such as are conferred by law or by the bylaws of the corporation upon the stockholders or members and shall choose and appoint all the agents and officers of the corporation and fill all vacancies in the office of director. The board of directors shall be elected in the first instance by the incorporators and thereafter at each annual meeting of the corporation, or, if no annual meeting shall be held in any year at the time fixed by the bylaws, at a special meeting held in lieu of the annual meeting. At each annual meeting, or at each special meeting held in lieu of the annual meeting, the stockholders shall elect the directors. The directors shall hold office until the next annual meeting of the corporation or special meeting held in lieu of the annual meeting after their election and until their successors are elected and qualified unless sooner removed in accordance with the provisions of the bylaws.

Directors and officers shall not be responsible for losses unless the same shall have been occasioned by the willful misconduct of such directors and officers.

Powers of stockholders and members.

Section 7. **Powers of Stockholders and Members.** The stockholders and the members of the corporation shall have the following powers of the corporation: (a) to determine the number of and elect directors as provided in Section 6 hereof; (b) to make, amend, and repeal bylaws; (c) to amend the articles of incorporation as provided in Section 5; (d) to exercise such other of the powers of the corporation as may be conferred on the stockholders and the members by the bylaws.

As to all matters requiring action by the stockholders

and the members of the corporation, said stockholders and said members shall vote separately thereon by classes, and except as otherwise herein provided, such matters shall require the affirmative vote of a majority of the votes to which the stockholders present or represented at the meeting shall be entitled and the affirmative vote of a majority of the votes to which the members present or represented at the meeting shall be entitled.

Each stockholder shall have one (1) vote, in person or by proxy for each share of capital stock held by him, and each member shall have one (1) vote, in person or by proxy, except that any member having a loan limit of more than one thousand dollars (\$1,000.00) shall have one additional vote, in person or by proxy, regardless of the number of shares owned, for each additional one thousand dollars (\$1,000.00) which such member is authorized to have outstanding on loans to the corporation at any one time as determined under paragraph three (3) (b) of Section 10.

Section 8. **First meeting of Corporation.** The first meeting of the corporation shall be called by a notice signed by three (3) or more of the incorporators, stating the time, place, and purpose of the meeting, a copy of which notice shall be mailed, or delivered, to each incorporator at least five (5) days before the day appointed for the meeting. Said first meeting may be held without such notice upon agreement in writing to that effect signed by all the incorporators. There shall be recorded in the minutes of the meeting a copy of said notice or of such unanimous agreement of the incorporators.

First meeting
of corporation.

At such first meeting the incorporators shall organize by the choice, by ballot, of a temporary clerk, by the adoption of bylaws, by the election by ballot of directors, and by action upon such other matters within the powers of the corporation as the incorporators may see fit. The temporary clerk shall be sworn and shall make and attest a record of the proceedings. Five (5) of the incorporators shall be a quorum for the transaction of business.

Section 9. **Stock Ownership and Limitations.** Notwithstanding any rule at common law or any provision of any general or special law or any provision in their

Stock ownership
and limitations.

respective charters, agreements of association, articles of organization, or trust indentures:

(1) all domestic corporations organized for the purpose of carrying on business within this state including without implied limitation any public utility companies and insurance and casualty companies and foreign corporations licensed to do business in the state, and all trusts, are hereby authorized to acquire, purchase, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of any bonds, securities or other evidences of indebtedness created by, or the shares of the capital stock of, the corporation, and while owners of said stock to exercise all the rights, powers, and privileges of ownership, including the right to vote thereon, all without the approval of any regulatory authority of the state;

(2) all financial institutions are hereby authorized to become members of the corporation by making loans to the corporation as provided herein;

(3) a financial institution which does not become a member of the corporation shall not be permitted to acquire any share of the capital stock of the corporation;

(4) each financial institution which becomes a member of the corporation is hereby authorized to acquire, purchase, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of, any bonds, securities or other evidences of indebtedness created by, or the shares of the capital stock of the corporation, and while owners of said stock to exercise all the rights, powers and privileges of ownership, including the right to vote thereon, all without the approval of any regulatory authority of the state; provided, that the amount of the capital stock of the corporation which may be acquired by any member pursuant to the authority granted herein shall not exceed ten percent (10%) of the loan limit of such member. The amount of capital stock of the corporation which any member is authorized to acquire pursuant to the authority granted herein is in addition to the amount of capital stock in corporations which such member may otherwise be authorized to acquire.

Section 10. **Members, and Limitation and Apportionment of Loans By Members.** Any financial institution may request membership in the corporation by making

Members, and
limitation and
apportionment of
loans by members.

application to the board of directors on such form and in such manner as said board of directors may require, and membership shall become effective upon acceptance of such application by the board. The application for membership will specify the loan limit which shall be subject to call of the corporation, but in no case shall the amount so specified exceed the limit provided for in this act. Each member of the corporation shall make loans to the corporation as and when called upon by it to do so on such terms and other conditions as shall be approved from time to time by the board of directors, subject to the following conditions:

(1) All loan limits shall be established at the thousand-dollar amount nearest the amount computed in accordance with the provisions of this section.

(2) No loan to the corporation shall be made if immediately thereafter the total amount of the obligations of the corporation to its members would exceed ten (10) times the amount then paid in on the outstanding capital stock of the corporation.

(3) The total amount outstanding on loans to the corporation made by any member at any one time, when added to the amount of the investment in the capital stock of the corporation then held by such member, shall not exceed:

(a) Twenty percent (20%) of the total amount then outstanding on loans to the corporation by all members, including in said total amount outstanding, amounts validly called for loan but not yet loaned.

(b) The following limit, to be determined as of the time such member becomes a member on the basis of the most recent year end balance sheet of such member at the close of its fiscal year immediately preceding its application for membership: Three percent (3%) of the capital and surplus of commercial banks and trust companies; one percent (1%) of the total outstanding loans made by a building and loan association; two percent (2%) of the capital and unassigned surplus of stock insurance companies; and such comparable limits as may be approved by the board of directors of the corporation for other financial institutions.

(4) Subject to paragraph three (3) (a) of this section, each call made by the corporation shall be prorated among the members of the corporation in substantially the same proportion that the adjusted loan limit of each member bears to the aggregate of the adjusted loan limits of all members. The adjusted loan limit of a member shall be the amount of such member's loan limit, reduced by the balance of outstanding loans made by such member to the corporation and the investment in capital stock of the corporation held by such member at the time of such call.

(5) All loans to the corporation by member shall be evidenced by bonds, debentures, notes or other evidences of indebtedness of the corporation, which shall be freely transferable at all times, and which shall bear interest at a rate of not less than one-half of one percent (.50 of 1%) in excess of the rate of interest determined by the board of directors to be the prime rate prevailing at the date of issuance thereof on unsecured commercial loans.

Withdrawal of
membership.

Section 11. **Withdrawal of Membership.** Membership in the corporation shall be for the duration of the corporation; provided that—

(a) Upon written notice given to the corporation two (2) years in advance, a member may withdraw from membership in the corporation at the expiration date of such notice.

A member shall not be obligated to make any loans to the corporation pursuant to calls made subsequent to the withdrawal of said member.

Surplus.

Section 12. **Surplus.** Each year the corporation shall set apart as earned surplus not less than ten percent (10%) of its net earnings for the preceding fiscal year until such surplus shall be equal in value to one hundred percent (100%) of the amount paid in on the capital stock then outstanding. Whenever the amount of surplus established herein shall become impaired, it shall be built up again to the required amount in the manner provided for its original accumulation. Net earnings and surplus shall be determined by the board of directors, after providing for such reserves as said directors deem desirable, and the directors' determination made in good faith shall be conclusive on all persons.

Section 13. **Deposit of Funds.** The corporation shall not deposit any of its funds in any banking institution unless such institution has been designated as a depository by a vote of a majority of the directors present at an authorized meeting of the board of directors, exclusive of any director who is an officer or director of the depository so designated.

Deposit of funds.

The corporation shall not receive money on deposit.

Section 14. **Control, Supervision, and Reports.** The corporation shall be subject to the examination of the state superintendent of banks, and shall make reports of its condition not less than annually to said superintendent, who in turn shall make copies of such reports available to the commissioner of insurance and to the governor. The corporation shall also file an annual statement required by Title 15, Revised Codes of Montana 1947.

Control,
supervision and
reports.

Section 15. **Duration.** The period of duration of the corporation shall be perpetual.

Duration.

Section 16. **Termination.** If a corporation organized pursuant to this act shall fail to begin business within five (5) years from the effective date of its articles of incorporation, then said articles shall become null and void.

Termination.

Section 17. **Credit of State Not Pledged.** Under no circumstances is the credit of the state pledged herein.

Credit of state
not pledged.

Section 18. **Application to Sections of Revised Codes of Montana 1947.** The provisions of Title 15 of the Revised Codes of Montana 1947, shall apply to the corporation insofar as they may be applicable and not inconsistent with this act.

Application to
sections of R.C.M.
1947.

Section 19. **Severability.** The provisions of this act are severable, and if any of its provisions shall be held unconstitutional by any court of competent jurisdiction, the decision of such court shall not affect or impair any of the remaining provisions.

Savings clause.

Approved: February 26, 1969.